

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture  
**Tuesday, November 13, 2007**  
**9:00 a.m. - 10:30 a.m.**

**General Issues**

*Please provide answers to the following questions regarding the Department's performance measures.*

**Departmental Goals and Objectives**

1. What are your department's principal goals and objectives? What are the metrics by which you measure success or failure?

**Response:** The department has established five broad and quantifiable department-level performance measures that correspond to the department's vision and lay a framework for achievement of that vision. In addition to the department performance measures, the department has established division performance measures that track more specifically the program delivery of department division responsibilities. Below are the department-level performance measures. The metrics, as displayed below, vary depending on the measure, relying on economic impacts, inspection results, health status and revenue at the State Fair.

Objective	Measure	Outcome	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Request
Ensure a safe, high quality, sustainable food supply	Increase the amount of the state's gross state product that is attributable to the agricultural industry to \$20 billion by 2012	Benchmark	\$20B	\$20B	\$20B	\$20B
	This measure is a department standard	Actual	\$16B	\$16B	NA	NA

Objective	Measure	Outcome	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Request
Strengthen and advance Colorado agriculture	Maintain Colorado's Tuberculosis, Brucellosis, and Pseudorabies Free Status on cattle and hogs.	Benchmark	Free	Free	Free	Free
		Actual	Free	Free	NA	NA

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

Objective	Measure	Outcome	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Request
Protect the environment and the natural resources	Industry compliance rate with pesticide, chemigation, and plant quarantine inspections	Benchmark	100percent	100percent	100percent	100percent
	This measure is a department standard	Actual	NA	87percent	NA	NA

Objective	Measure	Outcome	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Request
Protect the consumer	Industry compliance rate with Feed, Fertilizer, Egg, Meat, Measurement Standards, and Warehouse inspections and regulations	Benchmark	100percent	100percent	100percent	100percent
	This measure is a department standard	Actual	87percent	86percent	NA	NA

Program	Performance Measure	Outcome	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Request
State Fair	Increase State Fair Authority revenues by 3percent each year through fees and services.	Bench Mark	3.0percent	3.0percent	3.0percent	3.0percent
		Actual	1.6percent	2.2percent	NA	NA

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

2. Given the change in the Administration, have there been any changes to your department's principal goals and objectives since last year?

**Response:** Yes, the department has modified performance measures to accommodate the Administration's input and direction. Previous budget requests prioritized department program and division performance measures. This request lists program and division performance measures, as well as provides the 5 department-level measures. All of these performance measures, along with work load measures, are contained in the department's budget request from page 3.1 to 3.26. The department-level performance measures are an attempt to provide measures that are readily understandable by the general public and policy makers.

3. What progress did you make during the last year in achieving your goals?

**Response:** While the department-level performance measures are new, with some having data for two prior years and others not, the department has continued to track program level performance measures and has witnessed improvements in some measures, status quo in others, and a decline in some. Each performance measure establishes a goal for the program to reach for. Some of the division performance measures are:

Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Animals	Number of animal disease tests, diagnosed accurately, which enhanced production and increased values of livestock and products entering commerce	<b>Bench Mark</b>	155,000	155,000	155,000	155,000
		<b>Actual</b>	143,904	150,000	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Brands	To inspect 100 percent of livestock for change of ownership or intrastate/interstate travel	<b>Bench Mark</b>	100percent	100percent	100percent	100percent
		<b>Actual</b>	100percent	100percent	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Conservation	percent of all populations of List A species that meet annual elimination standards	<b>Bench Mark</b>	100percent	100percent	100percent	100percent
		<b>Actual</b>	NA	64percent	NA	NA
Program	Performance	Outcome	FY 2005-	FY 2006-	FY 2007-	FY 2008-

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

	Measure		06	07	08	09
Conservation	percent of List B species with developed statewide noxious weed management plans adopted as rule	<b>Bench Mark</b>	30percent	30percent	30percent	30percent
		<b>Actual</b>	NA	25percent	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Conservation	percent of all pesticide/fertilizer containment and loading facilities inspected once every three years	<b>Bench Mark</b>	45percent	18percent	37percent	45percent
		<b>Actual</b>	45percent	18percent	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Conservation	95percent of available biological control agents are released in areas designated for containment and suppression in completed state noxious weed management plans	<b>Bench Mark</b>	95percent	95percent	95percent	95percent
		<b>Actual</b>	NA	80percent	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Conservation	percent of Conservation Districts active and responsive in at least 2 local conservation partnerships that meet identified concerns from locally derived long range programs	<b>Bench Mark</b>	100percent	100percent	100percent	100percent
		<b>Actual</b>	NA	75percent	NA	NA
Program	Performance Measure	Outcome	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
ICS	percent of feed manufacturers inspected for compliance with the FDA BSE regulation	<b>Bench Mark</b>	100percent	100percent	100percent	100percent

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

		<b>Actual</b>	99percent	96percent	NA	NA
<b>Program</b>	<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Markets	Percent of Colorado consumers that are generally aware of Colorado Proud	<b>Bench Mark</b>	65percent	65percent	65percent	65percent
		<b>Actual</b>	59percent	62percent	NA	NA
<b>Program</b>	<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Markets	Percent increase in wine produced in Colorado	<b>Bench Mark</b>	10percent	10percent	10percent	10percent
		<b>Actual</b>	19percent	9percent	NA	NA
<b>Program</b>	<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Markets	Number of companies participating in export development programs	<b>Bench Mark</b>	250	250	250	250
		<b>Actual</b>	200	195	NA	NA
<b>Program</b>	<b>Performance Measure</b>	<b>Outcome</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Plants	percent of agriculture pesticide misuse case against # agriculture pesticide products registered	<b>Bench Mark</b>	<5percent	<5percent	<5percent	<5percent
		<b>Actual</b>	0.3percent	0.1percent	NA	NA

4. How is the additional money provided to your department in FY 2007-08 being used to achieve your goals? What improvements is your department making in its outputs?

**Response:** The department received additional spending authority for FY 08 to:

- Lease Purchase Lab equipment – on going;
- Replace two cranes and weights for large scale certification – one time;
- Hire two additional Conservation Field technicians – on going;
- Purchase new measurement standard calibration equipment and to recertify other equipment – one time;
- Print and purchase the new Brand Book – one time;
- Replace brand trucks – one time.

Additionally, the department is receiving \$450,000 annually from the severance tax trust fund to the department of agriculture for the Natural Resources Conservation Matching Grants program, an additional \$500,000 from the Severance Tax Trust Fund to promote

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

agricultural energy related projects and research, and the interest on Unclaimed Property to pay off all debt at the State Fair.

These additional dollars have allowed the department to provide additional resources on the ground for local conservation efforts and to research agriculture alternative energy solutions. The Decision Item dollars, have allowed the department to continue to maintain effective inspection schedules and laboratory analysis.

5. Please identify your department's 3 most effective programs and your 3 least effective programs. Explain why you identified them as such. Explain how your most effective programs further the department's goals.

**Response:** The Department of Agriculture recently prioritized all of the department's programs. This prioritized list did not specifically measure effectiveness, but measured each program against specific criteria. The purpose of the prioritization of department programs is to provide the department's leadership with a framework to assess department priorities and direction and a means to make intelligent decisions about current and future resource allocation, including justification for appropriate funding levels or new funding for each program relative to these priorities. A 14-member team representing the breadth of the department's seven divisions as well as the Commissioner's Office was charged with this effort.

Each program was measured against the department's mission statement and other criteria listed below:

Mission Statement:

- To what degree does this program strengthen and advance Colorado's agriculture industry? Use a broad definition of agriculture: relating to the production of plants or animals useful to man, the preparation of such products for use, their marketing, or disposal.
- To what degree does this program ensure a safe, high quality, and sustainable food supply?
- To what degree does this program protect consumers?
- To what degree does this program protect the environment and natural resources?

Other Factors:

- To what degree does this program protect human health?
- How clearly is this program mandated by state statute?
- How relevant is it to the current agricultural environment?
- How clearly is this program mandated by federal statute?
- How relevant is it to current department activities?
- How critical is this program for sustaining the immediate economic health or long range agricultural viability of a local community or communities?
- How important is this program to an effective emergency response?

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

Based on this effort the top three and bottom three scoring programs are listed below:

Program name	Av. Total Points	Standard Deviation	% of Total Possible Points
Pesticide Registration and Pesticide Dealer Licensing	180	28	75.1%
Chemigation	177	28	73.7%
Vet's Office, Vaccine Fund, Disease Control and Lab Services	176	39	73.2%
Pet Care Facility	88	29	36.6%
Meat Food Plan	80	36	33.3%
Apiary (bee inspections)	67	52	28.0%

6. Are there programs that your department is required to perform that do not further your department's goals or have outlived their usefulness? If so, what are they and by whom are they required? Why don't they further your department's goals?

**Response:** The Apiary (Bee Inspection) program has limited impact and as a consequence limited financial impact. This program inspects apiaries for bee diseases upon request and provides certification of bees shipped to other states. The program also issues import permits to out-of-state beekeepers that furnish certification that their apiaries are disease-free.

Because Colorado's bee industry is relatively small and only a few beekeepers export bees to other states, the program numbers are small. The ultimate measure of this program is to insure beekeepers have the opportunity to ship bees to other states if they choose to do so. This is primarily done in the winter months when food is not available to bees and pollination is not taking place in Colorado. Beekeepers can lease their bees to agricultural producers in other states, primarily Texas and California, for pollination services. This provides increased income to beekeepers that otherwise would be unavailable without the service of this program.

This program is cash funded with FY 07 expenditures of \$180 and \$0 revenue. There is typically 0 or 1 request for inspection a year.

**Costs and savings from complying with specific bills and orders**

7. What are your department's anticipated costs, anticipated savings, and potential benefits from complying with Executive Order D 028 07, Authorizing Partnership Agreements with State Employees?

**Response:** The Department of Agriculture has roughly 290 employees. The department annually holds an all employee meeting whereby roughly 180 to 200 department employees gather for information sharing and team building. This meeting has been held during the fall the past 3 years.

The administration of the partnership agreement will not require the expenditure of any additional state dollars. Departments will continue to spend time supporting state employees, and as has been the case in the past, this support will be absorbed into

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

existing budgets.

8. Provide an estimate of the costs your department will incur in FY 2007-08 in carrying out the provisions of H.B. 06S-1023. Provide an estimate of your department's savings in FY 2007-08 as a result of not providing services to individuals who are in the country illegally.

**Response:** The department believes that the majority of costs have already been incurred to implement the provisions of these bills. The majority of the costs were staff time dedicated to analyzing and implementing these efforts, as well as legal counsel time.

The department may incur some costs from the federal SAVE program, although those costs are projected to be very minimal. The department has entered into an agreement with the U.S. Department of Homeland Security, who administer this database. The department will be billed only in the months that the department makes inquiries of the database. The department will be billed \$0.26 for each inquiry with a minimum monthly fee or \$25, if an inquiry is made.

Additionally, the department will enhance those databases that track and monitor regulated entities and our subject to the new illegal immigration responsibilities. The enhancement will allow the department to collect the business type data associated with the business legal status; i.e. individual, partnership, corporation etc. The department has prioritized these enhancements within the responsibilities of current IT staff and is using internal resources to accommodate. The department has modified license applications to now collect this information, which allows the department to initiate illegal immigration due diligence responsibilities with those entities that our licensing as individuals.

The department is not anticipating any savings from eliminating the provision of these services to individuals who are in the country illegally. The reason for this projection is that the department is unaware of any illegal individuals licensing with the department programs that issue primary licenses, permits, or certifications. Additionally, if the department does not issue a license to an individual the department will reduce state revenues. All the department programs that fall under the purview of this bill are fee for service and cash funded.

**General Questions for the Department**

9. Are agricultural industries affected by problems with available labor? Please provide an overview of the problems known to the Department.

**Response:** To varying degrees, all sectors of the agricultural industry in Colorado are affected by labor shortages. Colorado agricultural producers have reported a shortage of truck and equipment drivers, fruit and vegetable harvesters, workers for produce packing sheds, milking cows, tending greenhouses, crop thinning, and many other types of agricultural activity.

Many agricultural producers who have not done so in the past are now turning to the federal H2-A program which provides foreign labor for agriculture. However, this recent

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

increase in demand has resulted in even greater delays in a program known for its cumbersome bureaucracy. Agricultural employers who make it through the H2-A process then frequently see their workers leave the farm or ranch and obtain work elsewhere in the economy. While this violates the employee's H2-A work visa, enforcement is spotty, at best.

Because the general U.S. economy remains strong, there are ample employment opportunities for foreign workers. Colorado has developed a reputation as a state that is unfriendly toward foreign labor, most likely due to the publicity generated by the 2006 special session of the General Assembly. With the abundant employment opportunities, Colorado might be considered a less attractive state in which to work.

10. Are the federal moneys provided to the Department sufficient for the provisions of the National Animal Identification program sufficient? What are the projected costs? Will there be a need to supplement the federal funds in the future? Is this a federal mandate, if so, what are the provisions of the mandate? If federal funding for the program is discontinued, will the Department continue implementing it? Will the program, if continued, be supported with fees? Does the Department of statutory authority to implement the program?

**Response:** The USDA developed the National Animal Identification System, NAIS, in response to threats posed by foreign animal diseases. It was developed to prevent widespread livestock loss that could be caused by the intentional or incidental introduction of a foreign animal disease such as foot and mouth disease as experienced in Europe and the UK, as well as expediting the response to possible BSE (mad cow disease) incurrence.

The system is comprised of three parts: premises identification, unique animal identification and trace back. The first step is to get all premises where livestock are raised or held (such as ranches, farms, fairgrounds or sale barns) registered with the USDA by GIS coordinates, the second is to get every animal or in some circumstances groups or lots of animals uniquely identified as they move into commerce and thirdly establish a nationwide data base to manage this information in a manner that would allow the tracing of an animal(s) pursuant to an animal disease threat/outbreak within 48 hours.

The Colorado Department of Agriculture is working with USDA funds and the states livestock industry to help spread awareness of the importance of registering all livestock premises in Colorado. During FY 07, the department received two National Animal Identification related grants. The department received \$376,000 to coordinate outreach and premises registration efforts. This grant pays for three federally funded department FTE and their associated outreach costs. Additionally, the department received a \$295,000 federal award which was passed on to Colorado State University for traceability research efforts. Congress is evaluating the funding, however the department is assuming that, at least, the \$376K will be available. At the present time the NAIS is a voluntary program on the federal level. The USDA is requiring accredited veterinarians that do program disease work to inform the livestock owner that a premises I.D. will be assigned to their farm or ranch. The owner then has the option to inform the accredited

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

veterinarian if the Premises ID number should be entered in the NAIS database or the program disease data base (e.g. Brucellosis or Tuberculosis). It has not been determined yet, if this program will be funded through fees, if federal dollars are discontinued. Additionally, if federal dollars are discontinued, the department will continue to implement these efforts through the Colorado Livestock Security System (CLSS) and through responses to animal disease regulatory events.

Future direction for these efforts is to define and implement traceability efforts. The Colorado Dept. of Agriculture is initiating the Colorado Livestock Security System (CLSS). Within this system is a segment for NAIS. CRS 35-50-105 (3) (j) and CRS 35-50-109 (5) provide statutory authority for adoption of rules for the testing of livestock as well as for the standards for identification and traceability of livestock.

11. Is the State of Colorado required to participate in the National Animal Identification program?

**Response:** NAIS is not a federal mandate, but it does create standards and establishes an information system for other disease programs/activities. It becomes indirectly mandated through the other disease programs/activities articulated in the response to Question #8. Even if Colorado did not participate in NAIS there is a state need for such identification and information infrastructure to help us more efficiently and effectively manage animal health concerns. This may not always be as big picture as NAIS, but the department continues to work towards better information systems and infrastructure to more efficiently and effectively respond to animal health concerns. \$4B or, 72%, of Colorado's agriculture portfolio is made up of livestock, of which 81% is cattle and calf.

**Colorado Wine Industry Promotion Board**

12. Did the General Assembly appropriate moneys in FY 2007-08 to fund wine promotion?

**Response:** The General Assembly appropriates spending authority from the Colorado Wine Industry Fund on an annual basis. However, the Wine Development Fund receives no revenue from the General Fund, but rather from money collected under a dedicated tax created in CRS 35-29.5-105: "All moneys in such fund are hereby continuously appropriated to the board for the expenses of the board in implementing the provisions of this article." From this appropriation, the Colorado Wine Industry Development Board is to use, "at least one-third toward research and development and at least one-third toward promotion and marketing..." Beyond a portion of this cash fund being dedicated to wine promotion, the department is not aware of any other monies appropriated by the legislature for wine promotion.

A group of Destination Marketing Organizations, made up of the Grand Junction Visitor and Convention Bureau, the Delta County Tourism Cabinet and the Boulder Convention and Visitor Bureau, put in their money and received \$15,000 in matching funds from the Colorado Tourism Office's Statewide Marketing Program to hold "reverse media" trips to Dallas and Chicago in May of 2007. The Colorado Wine Industry Development Board

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

also put in funding and participated in these trips designed to promote wine tourism to Colorado.

13. Please provide an analysis of the effectiveness of H.B. 06-1120 in allowing interstate shipments of wine. Can anything be done statutorily to improve the effectiveness of interstate shipments of wine?

**Response:** HB 06-1120 has no impact on the *interstate* shipment of wine by Colorado wineries. Rather that bill brought Colorado's wine shipment statutes, governing the shipment of wine to Colorado residents by wineries inside and outside Colorado, into compliance with the "even-handed" doctrine spelled out by the US Supreme Court in the Granholm decision of May 2005. HB 06-1120 created a wine shipment permit which must be acquired by any winery in or out of state wishing to ship wine to Colorado residents. Under that permit, in-state and out-of-state wineries can ship unlimited amounts of wine to a Colorado resident within the strictures of the Colorado Liquor Code. HB 06-1120 was a very clean, simple and effective solution to intrastate shipment of wine for Colorado's wineries.

It would be helpful if all 50 states had a standardized permitting system and regulations for the interstate shipment of wine and all had reasonable fee structures and tax reporting mechanisms. Since the Colorado Legislature cannot change the laws in other states without violating the US Constitution, there is little that our government can do to improve the effectiveness of a very labyrinthine system complicated by the diversity of 50 individual state systems. Additionally, the Granholm decision included language that any kind of reciprocal requirement for interstate shipment of wine would probably be found unconstitutional. So attempts to require other states to simplify their processes or reduce their fees through reciprocal rules would not be any legal solution. Simplification can only come from the Federal level, and the 21<sup>st</sup> Amendment allows the states to make their own liquor laws.

14. Has the wine industry in Colorado had problems with available labor?

**Response:** Yes. Although the 2007 crop was significantly reduced by winter cold and spring and fall frosts (loss estimates range from 20% to 50% or more, with areas like Delta County being complete losses), labor shortages were still problematic when it came time to pick grapes. The labor shortage was not enough to cause a further loss of crops, probably because of the reduced harvest this year. However, some growers were unable to pick all their grapes in a timely manner, picking small batches instead, which could have detrimental effects on the quality of the wine made from fruit picked after its optimum ripeness.

**Decision Items**

15. Are the Brand Board trucks the being requested new? How do they purchase vehicles at such a low rate?

**Response:** Yes, this request is to purchase new trucks. The Brand Board has realized  
November 13, 2007

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

efficiencies related to its vehicle fleet through two means. The Brand Board buys its vehicles off the state bid process and therefore does not pay interest expenses related to a six or seven year lease like many other vehicles through the State Fleet program. The Brand Board has, in the past, modified their request of needs for each truck, knocking costs down periodically. Additionally, many of the Brand inspectors perform vehicle minor maintenance, where vehicles enlisted in the State Fleet program must go to approved vendors for all maintenance needs.

16. How does software compatibility affect the Department? Are there any incompatibilities between software packages affect inter-Departmental communication or ultimately disrupt service delivery?

**Response:** The department has implemented software standards. The department is standardized on Microsoft Office production software and SQL Server software for enterprise class databases. This allows for ease of communication and data sharing throughout the department. The department, currently, has minimal exposure to Microsoft 2007. However, if an employee working in 2007 needs to communicate with an employee using 2003, the document can still be saved in the 2003 format and can be shared.

**Numbers Pages**

17. Why are federal dollars staying flat from FY 2007-08 to the request year? Does this impact the National Animal Identification System program?

**Response:** The department has witnessed in the recent past increases in federal funding opportunities related to: specific animal disease surveillance like Scrapie, Johnes, Avian Influenza; National Animal Identification efforts; Conservation and land management efforts associated with noxious weed control efforts; Homeland Security; pesticide and microbiological data surveillance; and plant pest surveillance efforts. The department is anticipating a similar number of grants available during FY 2008-09 as we are currently experiencing and planning for during FY 2007-08. During FY 07, the department received a one time \$1.3M federal award to administer and pay livestock producers in various counties designated as D3 or D4 on the nationally recognized drought scale. All counties east of I-25, with the exception of Arapahoe and Adams were designated as such and producers within these counties were eligible for payments on a per head basis.

18. Please show how the moneys appropriated from the passage of S.B. 07-208 are being implemented. In addition, please include an analysis of the products being distributed (i.e. the most requested, etc.). Are these moneys going toward the beetles that eat the Tamarisk weed?

**Response:** Currently, the department has not set a fee schedule through the Agriculture Commission (as required) for this fund. Consequently, no revenues have been collected and no expenses incurred in this fund. Because the fund was created July 1, 2007 (midway through the growing season), the department determined that it would be most

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

appropriate to set a fee schedule for the start of the next growing season (2008). Department staff is currently working on a fee schedule for presentation to the Agricultural Commission for implementation this spring.

The Palisade Insectary provides multiple biocontrol agents for a variety of target pests. The most heavily targeted pests include (in decreasing order of number of releases made): Oriental fruit moth, field bindweed, leafy spurge, puncturevine, and spotted and diffuse knapweeds.

While no cash funds have yet been allocated to work on the tamarisk leaf feeding beetle, substantial staff time has been dedicated to the establishment, spread, and monitoring of the beetle in Colorado and the West. In addition, the department has leveraged these state resources to attract additional federal funds, an estimated \$50,000 in 2007 from USDA, EPA, and the National Park Service sources. The department also recently competed successfully for an addition \$75,000 of Natural Resource Conservation Service funds to invest in tamarisk beetle work in the lower Colorado River.

**State Fair**

19. Does the business personal property tax impact the State Fair's ability to bring in vendors? Have there been instances where vendors do not pay the property tax because they are out of state? Can this lost tax revenue be quantified? Please provide an overview of the impact of this tax on the State Fair.

**Response:** The tax has not affected the Fair's ability to attract vendors. The county has the authority to collect the tax so the Fair is not aware of who has paid and who has not. The Fair does not have the information on a County assessed tax. There is no impact to the Fair.

20. With respect to the business personal property tax, please provide an analysis of the tax estimated lost revenue, by vendor.

**Response:** The Fair does not have that information.

21. At what point will the State own the Events Center in Pueblo?

**Response:** The State Fair is currently projecting that the entire debt of the Events Center will be paid off in April of 2008. The State already owns the facility.

22. Please provide an overview of the schedule of repayment for Treasury debt and debt related to the Events Center.

**Response:** The State Fair fully paid off the debt to the Treasurer's Office. However, the Fair is projecting a negative balance with the State Treasurer's Office for October but positive for the rest of the fiscal year and payment to Wachovia to eliminate the debt on the Event Center in April or May of 2008.

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

23. Is the shorter fair time (11 days) working? If it is working are the benefits of this change reflected in the estimates used in the chart at the top of page 30 of the JBC staff budget briefing document? Is the 11 day model sustainable?

**Response:** In an event based business any major change, such as a change in length from 16 days to 11 days, at least 2 years are required for the business to normalize and a decision to be made about whether or not it is working. In addition, staff needed to make adjustments that were not foreseeable. These changes are continuing to be made now. In view of the performance of the 2007 fair, staff is optimistic that with additional adjustments the 11 day model can be sustainable.

24. Is there a difference in marketing dollars utilized between the longer state fair (16 days) and the shorter (11 days)? What is the difference?

**Response:** The Fair is spending the same amount on marketing for an 11 day Fair as it did for a 16 day Fair. The Fair on an annual basis has paid \$518K, \$527K, and \$526K on advertising, public relations, and other marketing expenses over the past 3 fiscal years and \$466K to date this year. The marketing agency did reduce its fee to the Fair when the Fair was shortened. However, the amount of marketing has increased dramatically with no additional cost to the Fair with media sponsors and in-kind sponsorships. There has been a tremendous increase in marketing in the Denver area. The 2007 Fair market survey showed an increase of 3% attendance from the Metropolitan area over previous Fairs.

25. Please provide an explanation of the Net Revenue and Net Expense numbers utilized in item number one on page 28 of the JBC staff budget briefing document. What do those numbers mean and what do they include or exclude?

**Response:** The Net Revenues and Net expenses listed on page 28 of the staff budget briefing are actual hard dollars earned or paid, with the exception of in-kind contributions. "In Kind Contributions" are sponsorships whereby the sponsor will donate the use of equipment or radio time. No hard revenue is received and no actual cash expense is incurred, however the Fair needs to recognize these dollars to better reflect the total cost to run a Fair and other events.

26. In the chart, at the top of page 30 of the JBC staff budget briefing document, do the estimated out-years include depreciation or are they cash?

**Response:** The 5-Year State Fair Business Plan estimates reflected on page 30 of the staff budget briefing are actual cash revenues earned and actual cash expenses incurred. Depreciation and other non budgetary expenses are not included because those types of "recognition of cost" do not impact the cash position of the Fair with the State Treasurer.

27. What improvements have been made during the Non-Fair time period to increase revenues?

**Response:** In July the Fair entered into an agreement with SMG to market the Event Center for non-Fair use. They just completed their facility evaluation and are starting to

AGENDA  
FY 2007-08 Joint Budget Committee Hearing  
Department of Agriculture

work with promoters to fill dates. The Fair continues to book annual events like the Little Britches Rodeo, Rocky Mountain Street Rod Nationals, 14 non-fair horse shows, Rocky Mountain Athletic Conference Basketball Championships, Professional Bull Riders, and many other events.

28. Is the District 60 agreement a barrier to booking events?

**Response:** Several years ago, Fair management and representatives of District 60 met and restructured the contract, thereby allowing more flexibility in booking additional non-Fair events. The Colorado State Fair considers District 60 a partner and their events add additional revenue to the Event Center. The current agreement with District 60 is not a barrier.